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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

DOCKETED

JAN 29 12 05 PM '99

JIM IRVIN

Commissioner-Chairman

TONY WEST

Commissioner

CARL J. KUNASEK

Commissioner

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IN THE MATTER OF THE COMPETITION)
 IN THE PROVISION OF ELECTRIC)
 SERVICES THROUGHOUT THE)
 STATE OF ARIZONA)

DOCKET NO. RE-00000C-94-0165

**DUNCAN AND GRAHAM'S
 RULES' COMMENTS**

Duncan Valley Electric Cooperative, Inc. ("Duncan") and Graham County Electric Cooperative, Inc. ("Graham") submit these comments in relation to the Electric Utilities and Retail Electric Competition Rules.

Duncan and Graham support and adopt the AEPCO Recommended Rules Changes and the Trico and Sulphur Springs Rules' Comments. To avoid unnecessary repetition those comments will not be repeated here. Duncan and Graham, however, stress the following issues.

Stranded Cost. Stranded costs may occur at the distribution level – both in terms of (1) costs stranded as a result of inadequate allowance at the generation and transmission level in relation to the all-requirements contract with AEPCO and/or (2) costs stranded because of authorized distribution level competition, i.e. metering, meter reading, billing and collection. Duncan and Graham hope none of these costs will be stranded. But there is that potential and it is not recognized by the current Rules. Duncan and Graham support the Trico recommended changes in this regard.

Customer Meter Ownership. Customer meter ownership poses a whole host of practical problems including access, maintenance, energy theft and billing problems. We also are not certain what advantages exist to overcome these obvious disadvantages. Duncan and Graham, at a minimum, support AEPCO's recommended changes to R14-2-1613.K.8 on this issue.

1 Competitive Distribution Related Services. The Commission has authorized
2
3 competitive metering, meter reading, billing and collection for all customers. This conflicts with
4 A.R.S. §40-202.B.4 (Section 23 of HB 2663) which, for the next two years, restricts provision of
5 such services only to competitive retail customers with loads of one megawatt and above.

6 Further, these distribution related competitive services make it very difficult for
7 Duncan and Graham to maintain and track the ownership relationship with its members. Customers/
8 Owners of Cooperatives have voting, capital credit and other rights. If some other entity provides
9 billing and other services and simply sends Duncan or Graham a check for tariffed services, the
10 Cooperatives can't assure accurate capital credit allocation and don't know to whom to send meeting
11 notices, ballots and capital refund checks.

12 Duncan and Graham request that the Commission consider leaving these functions
13 solely with the distribution cooperatives. They support the Trico and Sulphur Springs comments and
14 recommended Rules' changes in this regard.
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16 DATED this 29th day of January, 1999.

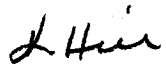
17 GALLAGHER & KENNEDY, P.A.
18

19
20 By Michael M. Grant
21 Michael M. Grant
22 2600 North Central Avenue
23 Phoenix, Arizona 85004-3020
24 Attorneys for Duncan Valley Electric
25 Cooperative, Inc. and Graham County
26 Electric Cooperative, Inc.

27 Original and ten (10) copies of the foregoing document
filed this 29 day of January, 1999, with:

Docket Control
Arizona Corporation Commission
1200 West Washington
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1 Copy of the foregoing document
2 mailed this 27 day of January, 1999, to
3 all parties of record.

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6 #680536 v1 - Duncan/Graham
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